

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

February 14, 2006

Chief Investment Officer's

Consolidated Investment Activity Report

(December 2005 Reporting Period)

Market Environment – December 31, 2005

General Market Commentary

U.S. equity markets were flat in December as international equity markets rallied, in U.S. Dollar terms. Long-term Treasurys rose as yields continued to decline.

Domestic and International Equities

Global equity markets were led by international equities, especially the emerging markets, in December. In the United States, value equities narrowly beat their growth counterparts, although returns to each category were minimal. Large-cap growth equities posted a monthly return of -0.3% (Russell 1000 Growth), underperforming the large-cap value equity return of 0.6% (Russell 1000 Value). Small-cap equities uniformly declined, led by small-cap value (-0.8%, Russell 2000 Value) and followed by small-cap growth (-0.1%, Russell 2000 Growth). Outside the U.S., developed and emerging markets rose in U.S. dollar terms. The MSCI EAFE Index of developed nations rose by 4.7% and the MSCI Emerging Markets Free Index rose 5.9%.

Domestic and International Fixed Income

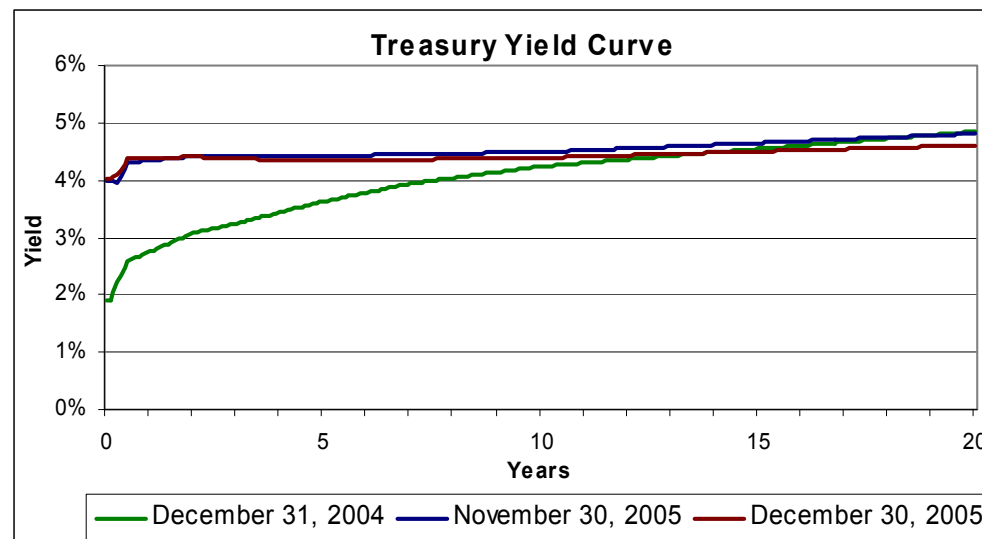
U.S. Fixed income securities experienced positive returns in December as interest rates declined. Government securities and corporate issues rose similarly. Long-term Treasurys led the market with a 2.3% return (Lehman Brothers Government Long Index). The benchmark Lehman Brothers Aggregate Bond Index returned 1.0% in the month, while 90-day Treasury Bills rose 0.3%. Outside the U.S. the Citigroup World Government Bond Index ex US declined by 1.2%, in U.S. dollar terms.

Real Estate

Real estate, as measured by the NAREIT Equity Index, declined by 0.6% in December. The NCREIF Index of Real Estate Properties returned 4.4% in the quarter ended September 2005.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 20.4% for the 12 months ended June 2005 and 12.7% for the 10 years ended June 2005. Absolute Return funds (CSFB/Tremont Hedge Fund Index) returned 1.6% in December 2005 and 7.6% in the 12 months ended December 2005.



MARKET INDICATORS	12/31/2004	Direction	11/30/2005	Direction	12/30/2005
1m LIBOR (fixed in \$)	2.40%	▲	4.29%	▲	4.39%
Federal Funds	2.25%	▲	4.00%	▲	4.25%
10Y Treasury Note Yield	4.22%	▲	4.50%	▼	4.39%
30Y Treasury Bond Yield	4.82%	▼	4.70%	▼	4.55%
DJ-Wilshire 5000 Comp	11,951.47	▲	12,496.61	▲	12,497.18
S&P 500	1,211.92	▲	1,249.48	▼	1,248.29
NASDAQ Composite	2,175.44	▲	2,232.82	▼	2,205.32
FTSE 100 Index	4,814.30	▲	5,423.20	▲	5,618.80
Nikkei 225 Index	11,488.76	▲	14,872.15	▲	16,111.43
Yen/\$ (Dollar Strength)	102.680	▲	119.660	▼	117.880
Euro/\$ (Dollar Strength)	0.739	▲	0.848	▼	0.844
GBP/\$ (Dollar Strength)	0.522	▲	0.577	▲	0.582
Crude Oil per Barrel	\$ 43.45	▲	\$ 57.32	▲	\$ 61.04
Gold (\$/oz Daily Spot)	\$ 435.60	▲	\$ 495.65	▲	\$ 513.00
GS Commodities Index	\$ 310.47	▲	\$ 415.91	▲	\$ 431.72

CalPERS Asset Allocation – December 31, 2005

Summary

- Total Fund Market Value was \$200.9 Billion
- Total Fund Book Value was \$158.3 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (\$ Billion)
Total Cash Equivalents	\$6.3	\$6.3	\$0.0
Total AIM Direct/Partnership	\$12.1	\$10.1	-\$2.0
Total Global Fixed Income	\$48.7	\$49.2	\$0.4
Domestic Equities ¹	\$47.3	\$80.7	\$33.4
International Equities	\$35.9	\$45.3	\$9.5
Total Global Equities	\$83.2	\$126.1	\$42.9
Total Real Estate	\$8.1	\$9.3	\$1.2
Total Equities and Real Estate	\$91.2	\$135.3	\$44.1
Total Fund	\$158.3	\$200.9	\$42.5

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=**\$182.6M**, Total Market Value=**\$180.3M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 12/31/2005

Company Name	Equity Exposure				Total Equity Market Value	Fixed Income Exposure				Total FI Market Value	Real Estate		
	Internally Managed		Externally Managed			Internal	External	Sec. Lending(2)	Exposure (1)		TOTAL Market Value	% of Total Fund(3)	
	Active	Passive	Active	Passive									
GENERAL ELECTRIC	237,988,694	1,383,048,465	198,056,579		1,819,093,738	48,908,545	50,883,985	897,422,648	997,215,178		2,816,308,916	0.96%	
EXXON MOBIL CORP	203,020,736	1,346,552,176	230,823,987		1,780,396,899				0		1,780,396,899	0.89%	
MICROSOFT CORP	224,137,586	1,057,728,275	181,802,253		1,463,668,114				0		1,463,668,114	0.73%	
CITIGROUP	169,448,416	937,157,977	215,835,768		1,322,442,161	80,733,996	27,351,734		108,085,730		1,430,527,891	0.72%	
WAL MART STORES INC	139,234,446	745,889,040	56,682,972		941,806,458	113,413,265	4,216,782		117,630,047		1,059,436,505	0.53%	
PROCTER + GAMBLE CO	138,789,468	765,567,473	82,241,634		986,598,575	4,948,171			4,948,171		991,546,746	0.50%	
BANK OF AMERICA	56,796,482	696,878,845	141,554,234		895,229,561	53,453,181	14,437,573		67,890,754		963,120,315	0.48%	
JOHNSON + JOHNSON	122,254,218	660,571,120	123,329,828		906,155,166				0		906,155,166	0.45%	
PFIZER INC	115,795,064	652,258,068	125,075,561		893,128,693	5,652,320			5,652,320		898,781,013	0.45%	
HSBC HOLDINGS	0	205,798,613	112,344,863	199,978,976	518,122,452	152,811,361	11,203,023	202,503,930	366,518,314		884,640,766	0.34%	
INTEL CORP	148,357,023	596,124,672	115,562,703		860,044,398		0		0		860,044,398	0.43%	
AMERICAN INTL GROUP INC	88,856,748	656,051,919	65,235,999		810,144,666	9,271,173	4,514,255		13,785,428		823,930,094	0.41%	
JPMORGAN CHASE & CO	81,832,405	530,030,470	80,141,651		692,004,526	13,566,349	5,383,558	100,044,550	118,994,457	8,828,590	819,827,573	0.36%	
CHEVRONTXACO CORP	106,373,696	482,476,876	100,529,395		689,379,967	120,402,029			120,402,029		809,781,996	0.40%	
BERKSHIRE HATHAWAY	108,756,032	484,915,407	20,881,020		614,552,459			150,013,500	150,013,500		764,565,959	0.31%	
VERIZON	50,229,166	306,010,164	56,720,448		412,959,778	271,284,063	18,255,585		289,539,648		702,499,426	0.35%	
INTERNATIONAL BUSINESS I	111,865,158	521,698,740	47,158,880		680,722,778	8,479,084	3,382,360		11,861,444		692,584,222	0.35%	
CIT GROUP INC. (THE)	4,522,413	37,851,180	16,815,037		59,188,630	28,437,774	4,419,846	545,490,403	578,348,023		637,536,653	0.05%	
PRUDENTIAL FINL INC	236,345,148	149,593,041	242,913,681		628,851,870				0		628,851,870	0.31%	
ROYAL DUTCH SHELL	0	237,611,055	150,712,998	231,208,037	619,532,090				0		619,532,090	0.31%	

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

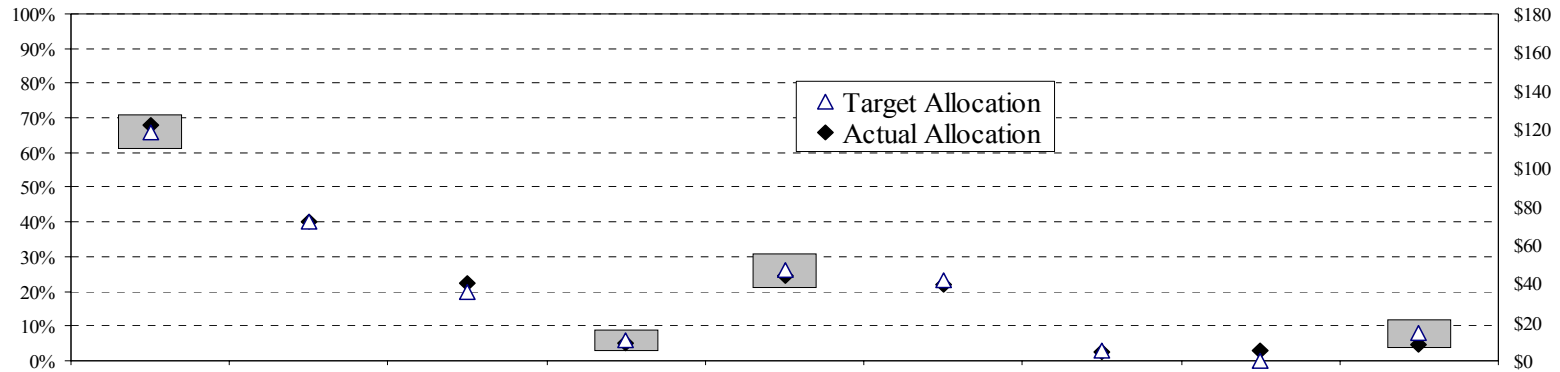
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of December 31, 2005

Total Fund Market Value: **\$200,880,431,120**



	Total Equity	Domestic Equity	Non-U.S. Equity	Private Equity	Global Fixed	Domestic Fixed	Non-U.S. Fixed	Cash ²	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0%	20.0%	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	67.8%	40.2%	22.6%	5.0%	24.5%	21.8%	2.7%	3.1%	4.6%	N/A
Variance %	1.8%	0.2%	2.6%	(1.0%)	(1.5%)	(1.2%)	(0.3%)	3.1%	(3.4%)	N/A
Strategic \$ ³	\$132.6	\$80.4	\$40.2	\$12.1	\$52.2	\$46.2	\$6.0	\$0.0	\$16.1	N/A
Actual \$ ^{3 4}	\$136.2	\$80.7	\$45.3	\$10.1	\$49.2	\$43.8	\$5.4	\$6.3	\$9.3	N/A
Variance \$ ³	\$3.6	\$0.4	\$5.2	(\$1.9)	(\$3.0)	(\$2.4)	(\$0.6)	\$6.3	(\$6.8)	N/A
% Passive	57.9%	81.3%	29.3%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	39.5%
% Active	42.1%	18.7%	70.7%	100.0%	100.0%	100.0%	100.0%	100.0%	95.3%	60.5%
% Internal ¹	52.2%	81.3%	12.0%	0.0%	88.5%	99.3%	0.0%	47.1%	4.7%	58.7%
% External ¹	47.8%	18.7%	88.0%	100.0%	11.5%	0.7%	100.0%	52.9%	95.3%	41.3%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

¹ For cash percentage only, average over previous 6 months.

² Cash includes SMIF at STO.

³ (\$ Billion)

⁴ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

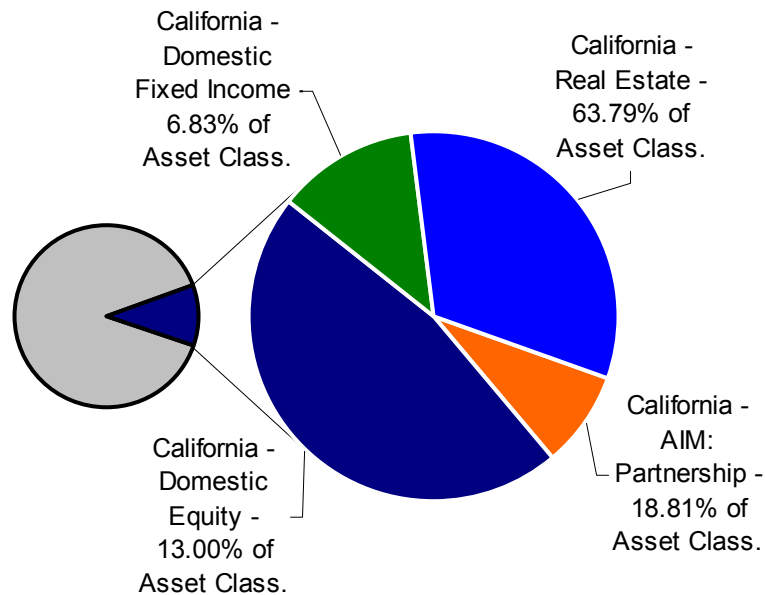
Private Equity Asset Allocation as of 12/31/2005			
Funded	\$(in Billions)	% Allocation	Target Range
Current Market Value	\$10.10	5.0%	
Unfunded Commitment	\$10.20	5.1%	
Current Market Value plus Unfunded Commitment	\$20.30	10.1%	3-9%

CalPERS Investments in the State of California – December 31, 2005

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

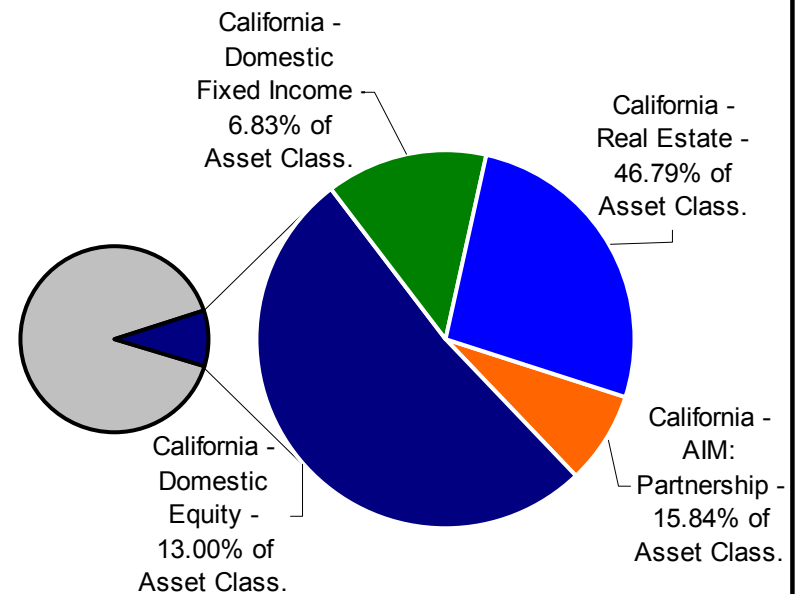
California Commitments (includes unfunded investments)

Current California Commitments at 12/31/2005 Total Fund %: 11.22%



California Investments

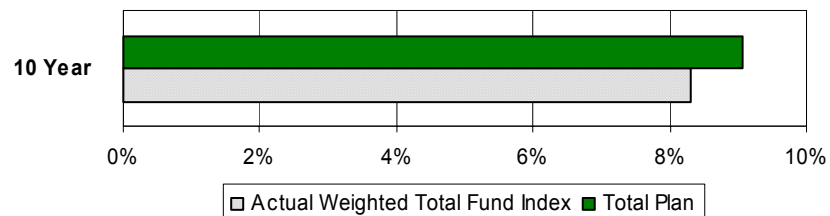
Current California Investments at 12/31/2005 Total Fund %: 10.10%



Performance Summary – December 31, 2005

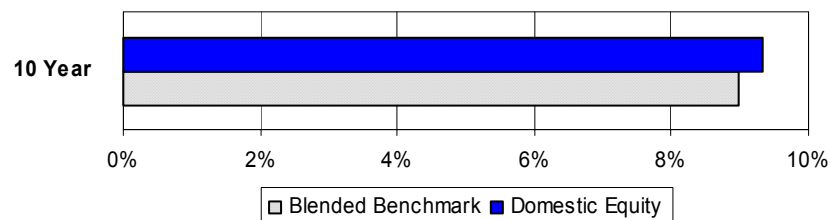
Total Plan:

Net Total Fund returns have exceeded the Policy Index in all periods shown except the one-month-to-date. Ten-year net returns were 9.06% versus 8.3% for the actual weighted index.



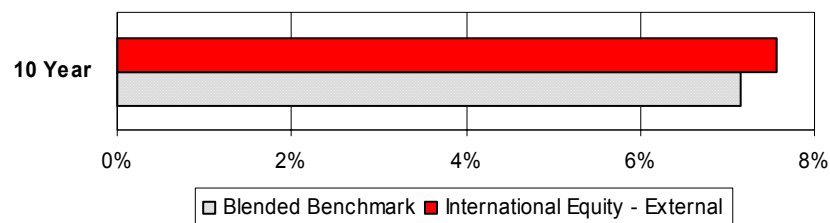
Domestic Equity:

Net Domestic Equity returns have exceeded the Blended Index in all periods shown. Ten-year net returns were 9.33% versus 8.98% for the blended benchmark.



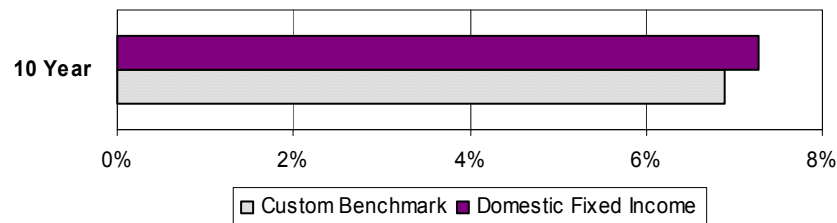
International Equity:

Net International Equity (External) returns including the currency overlay (which has hindered medium-term returns) generally outperformed all but medium-term blended benchmark returns. Despite observed medium-term underperformance, ten-year net returns were 7.56% (7.20% without currency overlay) versus 7.16% for the blended benchmark. The Internal portfolio has returned 17.47% since its 5/1/2005 inception (exceeding its benchmark of 17.10%).



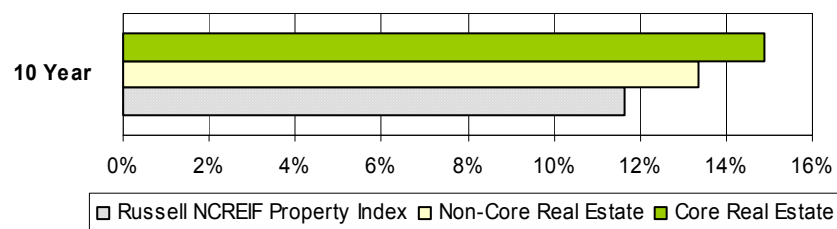
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown except for one-month-to-date. Ten-year net returns were 7.28% versus 6.88% for the benchmark.



Real Estate:

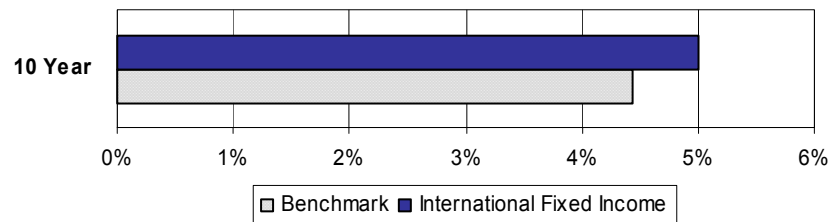
Net returns to the Core Portfolio have exceeded the NCREIF Property benchmark in all periods shown except for one-month and quarter-to-date. Non-core portfolio returns have exceeded the benchmark in all periods shown. Ten-year net returns were 14.87% for the Core Real Estate portfolio and 13.35% for Non-Core Real Estate versus 11.63% for the lagged benchmark.



Performance Summary – December 31, 2005

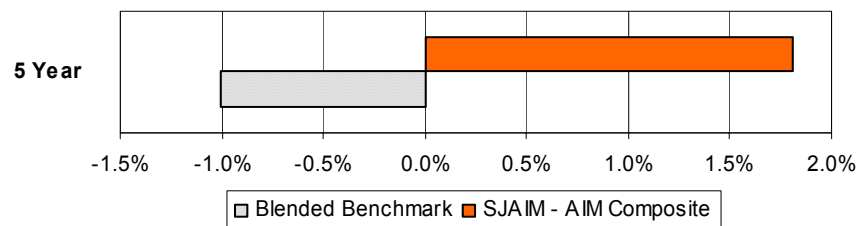
International Fixed Income:

Net International Fixed Income returns have exceeded the benchmark in all periods shown except for the one-quarter and fiscal year to date periods. Ten-year net returns were 5.00% versus 4.43% for the benchmark.



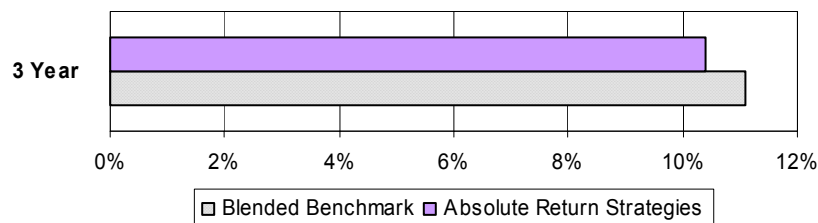
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the blended benchmark in all periods shown except the one-month and fiscal year to date periods. Five-year net returns are shown for the AIM Composite, which includes distributed stock (1.81% vs. -1.01%). Ten-year net returns for the AIM Partnership & Direct Composite were 12.52%, exceeding the ten-year custom blended benchmark return of 7.64%.



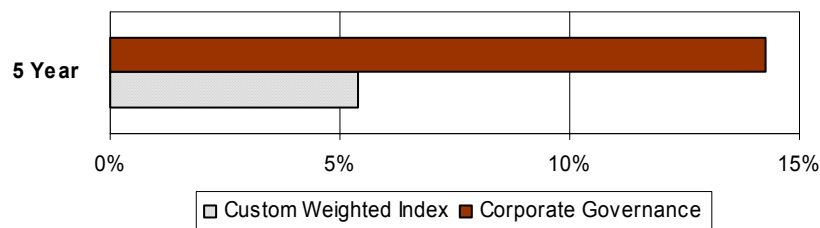
Absolute Return Strategies:

Net Absolute Return Strategies returns have outperformed all but the quarter-to-date and three-year-to-date periods shown. Three-year net returns were 10.41% versus 11.09% for the blended benchmark.



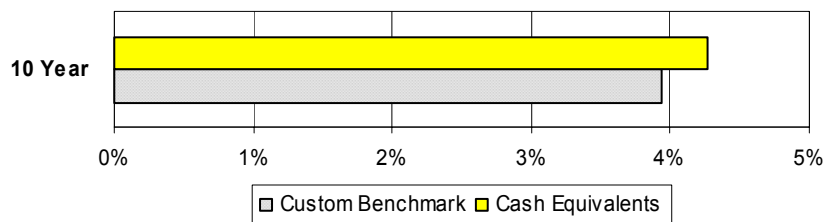
Corporate Governance:

Net returns to Corporate Governance Investments have exceeded the Custom Benchmark in all periods shown except for one-month, one-quarter, and fiscal-year-to-date. Five-year net returns were 14.25% versus 5.37% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have exceeded the benchmark in all periods shown. Ten-year net returns were 4.27% versus 3.94% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending December 31, 2005
Investment Committee Meeting February 2006

	MKT VAL (000'S)	One Month Dec 05	QTR Oct - Dec 05	FYTD 05-06	CYTD 2005	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	200,880,431	1.57	2.80	7.77	11.14	11.14	15.85	5.77	9.21
CALPERS POLICY INDEX		1.49	2.49	6.65	8.94	8.94	14.14	4.91	8.37
ACTUAL WEIGHTED TOTAL FUND INDEX		1.62	2.35	6.67	8.58	8.58	14.39	5.23	8.30
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOME EQ+IND HG+ENV EX VENT, HDG, CG	77,181,735	0.03	2.40	6.39	6.29	6.29	15.87	1.77	9.35
WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.02	2.26	6.15	6.11	6.11	15.74	1.47	8.98
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	29,327,993	4.67	4.40	16.75	17.13	17.13	25.54	6.02	7.24
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	29,528,651	4.63	5.19	17.67	20.17	20.17	24.89	5.45	7.61
CALPERS FTSE A-W X US/SSGA BLEND		4.77	4.42	16.36	16.41	16.41	25.67	6.02	7.16
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	13,312,582	4.50	3.86	15.04					
CALPERS FTSE DEV WORLD EX US & TOBACCO		4.51	3.87	14.91					
SWCG INTERNATIONAL EQUITY TRANSITION	12,656	2.76	-1.70						
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	1,984,797	1.64	1.23	6.27	9.47	9.47	10.78		
TOTAL ARS PROGRAM BLENDED INDEX		0.80	2.06	3.78	7.41	7.41	11.09		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,836,452	2.26	5.87	12.15	22.10	22.10	29.53	14.72	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		3.31	7.05	16.90	17.69	17.69	22.26	5.37	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	180,276	0.82	0.34	-0.02	1.52	1.52	5.21		
CITIGROUP BROAD INVESTMENT GRADE		0.99	0.65	-0.04	2.57	2.57	3.75	5.93	6.19
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,813,326	1.45	1.40	0.41	4.43	4.43	7.11	7.70	7.29
CALPERS CUSTOM LEH LPF		1.47	0.66	-0.65	3.68	3.68	5.14	7.18	6.88
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,377,352	1.37	-2.47	-3.47	-8.39	-8.39	7.28	7.55	5.08
CALPERS WORLD GOVT EX US		1.17	-2.39	-3.49	-8.85	-8.85	6.57	7.33	4.43
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	6,256,163	0.36	1.17	2.07	3.44	3.44	2.06	2.61	4.27
CALPERS CUSTOM STIF NET OF FEES		0.35	0.99	1.87	3.18	3.18	1.83	2.31	3.94
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,102,907	-0.01	5.51	7.75	22.91	22.91	13.95	1.82	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,996,106	0.07	5.71	7.84	23.31	23.31	13.91	2.00	12.52
PERS WILSHIRE 2500/CYFU BLEND		1.60	4.87	9.97	19.78	19.78	10.14	-1.01	7.64
SW2V AIM DISTRIBUTION STOCK	106,802	-7.22	-14.67	-7.39	-6.13	-6.13	17.65	-7.16	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,043,645	2.55	2.61	19.56	52.53	52.53	25.33	18.67	16.64
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,219,533	5.73	5.88	14.07	39.10	39.10	27.80	17.44	16.16
NCREIF PROPERTY 1 QTR LAG INDEX		4.44	4.44	10.02	19.19	19.19	13.04	10.95	11.63

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending December 31, 2005
Investment Committee Meeting February 2006

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DOMESTIC									
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WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.02	2.26	6.15	6.11	6.11	15.74	1.47	8.98
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	29,327,993	4.67	4.38	16.71	17.06	17.06	25.46	5.96	7.20
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	29,528,651	4.63	5.16	17.62	20.09	20.09	24.80	5.39	7.56
CALPERS FTSE A-W X US/SSGA BLEND		4.77	4.42	16.36	16.41	16.41	25.67	6.02	7.16
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	13,312,582	4.50	3.86	15.04					
CALPERS FTSE DEV WORLD EX US & TOBACCO		4.51	3.87	14.91					
SWCG INTERNATIONAL EQUITY TRANSITION	12,656	2.76	-1.70						
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	1,984,797	1.60	1.18	6.16	9.25	9.25	10.41		
TOTAL ARS PROGRAM BLENDED INDEX		0.80	2.06	3.78	7.41	7.41	11.09		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,836,452	2.28	5.88	12.16	21.86	21.86	28.90	14.25	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		3.31	7.05	16.90	17.69	17.69	22.26	5.37	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	180,276	0.82	0.30	-0.09	1.37	1.37	4.98		
CITIGROUP BROAD INVESTMENT GRADE		0.99	0.65	-0.04	2.57	2.57	3.75	5.93	6.19
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	43,813,326	1.45	1.40	0.40	4.41	4.41	7.09	7.69	7.28
CALPERS CUSTOM LEH LPF		1.47	0.66	-0.65	3.68	3.68	5.14	7.18	6.88
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,377,352	1.36	-2.49	-3.51	-8.46	-8.46	7.19	7.47	5.00
CALPERS WORLD GOVT EX US		1.17	-2.39	-3.49	-8.85	-8.85	6.57	7.33	4.43
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	6,256,163	0.36	1.17	2.07	3.44	3.44	2.06	2.61	4.27
CALPERS CUSTOM STIF NET OF FEES		0.35	0.99	1.87	3.18	3.18	1.83	2.31	3.94
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,102,907	-0.01	5.51	7.74	22.89	22.89	13.93	1.81	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,996,106	0.07	5.71	7.84	23.31	23.31	13.91	2.00	12.52
PERS WILSHIRE 2500/CYFU BLEND		1.60	4.87	9.97	19.78	19.78	10.14	-1.01	7.64
SW2V AIM DISTRIBUTION STOCK	106,802	-7.22	-14.82	-8.20	-7.20	-7.20	16.56	-8.12	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,043,645	2.16	2.22	16.09	41.61	41.61	21.45	15.89	14.87
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,219,533	4.45	4.59	11.33	27.54	27.54	21.95	13.27	13.35
NCREIF PROPERTY 1 QTR LAG INDEX		4.44	4.44	10.02	19.19	19.19	13.04	10.95	11.63

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Investment Operations Report – December 31, 2005

Status Report

- There were 3 (three) items reported
- In the quarter ending December 31, 2005, CalPERS received 25 (twenty-five) public record requests.
- Detailed Reporting is contained in the supplemental reporting document.

Closed Session Transactions

- No items to report.

Activity Reports – December 31, 2005

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2003	2004	2005 YTD	Since Inception
Investment Proposals Received	16	298	381	315	5780
Declined/Referred/Failed to Materialize	23	206	223	428	4591
Deals in Screening	63	298	397	317	2794
Due Diligence Reviews	24	25	65	57	503
Authorized Investments (\$ Millions)	\$350.0	\$995.0	\$1,697.5	\$5,023.0	\$28,431.3

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2003	2004	2005 YTD	Since Inception
Information Received	181	59	59	557
Declined	108	12	1	236
Deals in Screening	72	45	58	303
Due Diligence Reviews	1	5	22	43
Approved by ARS Board	1	5	22	41
Funded Investments (\$ Millions)	\$95	\$149	\$783	\$1,511

Opportunistic Real Estate Investments Activity Report

Activity	Month
DB Global Fillmore East Fund, L.P. LaSalle French Fund II	December 2005

Quarterly Reports – December 31, 2005

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. All Quarterly Reports are presented as of quarter ending September 30, 2005. Executive Summaries and Full Reports are available in the supplemental reporting document.

AIM Program Quarterly Review:

Portfolio Summary

- As of September 30, 2005, the AIM Program had 479 active commitments that totaled \$26.4 billion. Commitments to exited investments totaled \$1.8 billion, bringing since inception commitments to \$28.2 billion.
- Since inception, the AIM Program has made contributions of \$17.9 billion and received distributions of \$14.1 billion. Of the \$14.1 billion in distributions, \$7.6 billion represents realized gains, income and dividends. The Program has become self-funding. During the first nine months of 2005, distributions exceeded contributions by \$0.6 billion.
- Due to the young relative age of the AIM portfolio, a large amount of the committed capital has not been called. At September 30, 2005, 38% of the active capital commitments, or \$9.9 billion, remained unfunded.

Performance

- Fully realized investments have provided a since inception return of 18.4%. This represents a 1.6x return of contributed capital.
- As of September 30, 2005, the weighted average age of all of the current investments in the AIM portfolio was 4.6 years. Consequently, a large portion of the portfolio is in the early stage of its investment life, when payment of fees has not been offset by young investments that are held at cost. This is known as the J-Curve effect.
- To address the young age of the partnership portfolio, CalPERS adopted a short-term benchmark, the Venture Economics Custom Young Fund Universe. The benchmark measures performance of the AIM partnerships in the first five years of life against a similarly aged universe of Venture Economics data. As of September 30, 2005, the AIM young fund net internal rate of return ("IRR") was 18.2% which exceeded the preliminary estimate of the Custom Young Fund Universe median return of 1.2% by 1,700 basis points. The AIM Program is displaying solid returns for a young portfolio.
- Since inception to September 30, 2005, the AIM Program generated a net IRR of 12.0%. At September 30, 2005, the public market ten-year rolling average return for the CalPERS' Custom Wilshire 2500 Index was 9.3%. The public markets have been recovering over the past few quarters, but there is typically a lag in the valuations in the private market relative to those in the public markets.

Portfolio Activity

- 11 new commitments were authorized during the third quarter of 2005 for a total of \$1.2 billion.
- During the third quarter of 2005 the AIM Program received 90 investment opportunities. During the same period, GSA reviewed 101 investment opportunities on behalf of CEV I, II and III. Both the AIM Program and GSA may have reviewed some of the same opportunities.
- During the first nine months of 2005, the AIM Program contributed \$1,814.7 million to and received distributions of \$2,431.7 million from the underlying portfolio. Of the \$2,431.7 million in distributions, \$1,204.3 million represents income and realized gains.

Quarterly Reports – December 31, 2005

Proxy Voting Quarterly Report Results:

The following table provides a summary of CalPERS' internal proxy voting results for the period. Staff continues to update this table to provide the Committee with a 5-quarter rolling analysis of CalPERS' proxy voting results.

Period	Approximate Number of Meetings Voted	Approximate Number of Individual Items Voted	Number of Shareowner Proposals Voted	Percent of Shareowner Proposals Supported
10/01/05 to 12/31/05	531	2614	31	87%
07/01/05 to 09/30/05	397	2100	16	68%
04/01/05 to 06/30/05	3274	20054	575	74%
01/01/05 to 03/31/05	660	2958	46	48%
10/01/04 to 12/31/04	808	2944	12	61%

**Source: ProxyEdge

In addition to the summary above, we have prepared detailed reports of CalPERS' proxy votes cast during the period October 1, 2005 to December 31, 2005, as attachments for this item. Although the attachments are not included in the agenda materials due to their size, they may be requested through the Investment Committee Secretary.

Attachment 1 contains the internal proxy voting decisions made in CalPERS' domestic portfolios and CalPERS' international portfolios, including staff's comments.

Attachment 2 contains the proxy votes for the Small Cap Index Fund (SW9P) that were cast on behalf of CalPERS between October 1, 2005 to December 31, 2005. To support resource constraints, CalPERS hired Glass Lewis & Co. to vote the approximately 2500 proxies (per year) within the Small Cap Fund.

Quarterly Reports – December 31, 2005

Proxy Voting Quarterly Report Results (cont.)

PROXY VOTING HIGHLIGHTS FOR THE DOMESTIC AND INTERNATIONAL PORTFOLIOS

A. Domestic Proxy Voting

A sampling of domestic proxy votes cast **against** management from October 1, 2005 to December 31, 2005 includes:

1) Egregious executive compensation plans:

Company	Cost Analysis	Additional Factors ⁽⁵⁾
Electronics Boutique Holdings Corp.	Shareholder Value Transfer ⁽¹⁾ : 21.46%, Allowable Cap ⁽²⁾ : 10.91%, and Voting Power Dilution ⁽³⁾ : 5.96%	The plan does not contain a significant portion of performance-based grants.
Finisar Corp.	The plan allows for the repricing of stock options.	The plan does not contain a significant portion of performance-based grants.
Maxim Integrated Products Inc.	The cost of the plan compared to the financial performance of the company was outside one standard deviation when compared to similar plans. ⁽⁴⁾	Vesting is less than four years and a significant portion of equity grants are not performance based.

- 1) Shareholder Value Transfer - Dollar cost to the company of all stock option plans as participants exercise awards expressed as a percent of market value. Source: Institutional Shareholder Services.
- 2) Allowable Cap - Based on benchmark shareholder value transfer levels for the company's industry, expressed on a percent of market value. Source: Institutional Shareholder Services.
- 3) Voting Power Dilution - Share allocation from all stock option plans as a percent of share allocation plus shares outstanding. Source: Institutional Shareholder Services.
- 4) Glass Lewis & Co. evaluates equity-based plans using twenty different analyses, comparing the program with both absolute limits and a carefully chosen peer group. The model seeks to determine if the proposed plan is either more than one standard deviation away from the average plan for the peer group, on a range of criteria, or exceeds one of the absolute limits.
- 5) At the June 16, 2003 meeting, the CalPERS Board of Directors approved additional policy issues to be applied to voting in relation to compensation plans.

Quarterly Reports – December 31, 2005

2) Shareowner proposals:

CalPERS voted **in favor** of the following shareowner proposals:

Company	Meeting	Proposal	Reason
Echostar Corp.	10/06/05	Shareowner proposal regarding Equal Opportunity Policy.	CalPERS is a firm supporter of anti-discrimination policies.
Cintas Corp.	10/18/05	Separate Chairman and CEO positions.	CalPERS believes if the chair is not the CEO the board may be able to exercise stronger oversight of management.
Cisco Systems Inc.	11/15/05	Shareowner proposal regarding Performance-Vesting Shares.	CalPERS is a firm supporter of performance based compensation.
Saks Inc.	12/08/05	Adopt Cumulative Voting.	CalPERS supports Cumulative Voting (see CA Gov. Code Section 6900).

CalPERS voted **against** the following shareowner proposals:

Company	Meeting	Proposal	Reason
The Proctor and Gamble Co.	10/11/05	Seek sale of company and assets.	CalPERS believes the request to explore the sale of the company may not be in the best long-term interests of shareowners.

Quarterly Reports – December 31, 2005

Proxy Voting Quarterly Report Results (cont.)

3) Proxy Contests

There were no significant proxy contests during the quarter.

4) Mergers

Target	Acquirer	Date	Vote	Rationale
Maytag Corp.	Whirlpool Corp.	12/22/05	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.
Wellchoice Inc.	Wellpoint Inc.	12/28/05	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.

5) Website votes

The following is a sample of Website votes cast during the quarter:

Company/Date	Issue	Vote	Reason
Cardinal Health Inc. 11/02/05	Elect directors	Withhold vote from nominee J. McCoy.	CalPERS withheld its vote from Compensation Committee chair McCoy due to the company's weak link between executive compensation and economic performance.
Archer-Daniels Midland Co. 11/03/05	Elect directors	Withhold vote from nominee O'Neill.	Nominee is an affiliate that sits on the Audit and Nominating Committees.

Quarterly Reports – December 31, 2005

Proxy Voting Quarterly Report Results (cont.)

B. International Proxy Voting

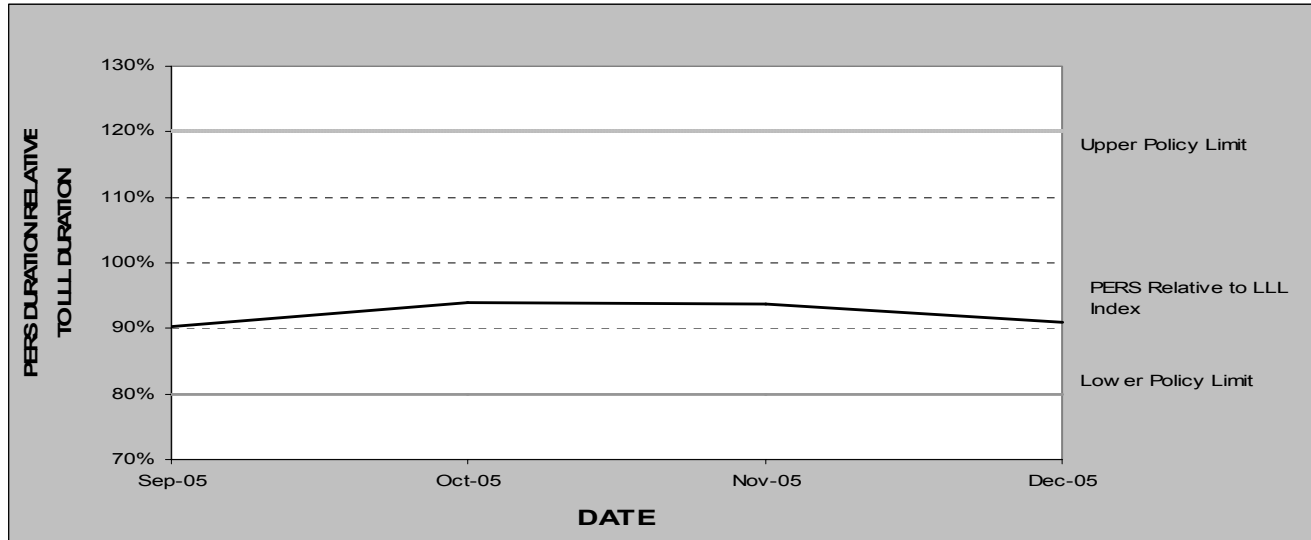
A sampling of International proxy votes cast **against** management during the quarter:

Company	Country	Date	Issue	Reason
Hana Bank	South Korea	10/17/05	Approve changes in Stock Option Exercise.	The company has not disclosed adequate information for shareowner approval.
Futuris Corp. LTD.	Australia	10/21/05	Approve stock option grant.	The plan allows for the re-testing of performance metrics.
Bendigo Bank Limited	Australia	10/31/05	Approve Remuneration Report.	The plan does not contain any performance hurdles.

Quarterly Reports – December 31, 2005

Internally Managed Domestic Fixed Income Report:

I. Interest Rate Risk



II. Sector Risk

SECTOR	SIBLE RANGE	LONG LIABILITY	3/31/2005 PERS	6/30/2005 PERS	9/30/2005 PERS	12/31/2005 PERS
Government	0-50	40	36	36	34	33
Mortgages	10-60	30	31	34	34	35
Sovereigns	0-15	3	2	2	2	2
Investment Grade						
Corporates	10-60	24	25	25	25	25
Opportunistic ¹	0-19	3	6	3	5	6

¹ High Yield

III. Violations to Policy: None

Quarterly Reports – December 31, 2005

Internally Managed Short-Term Fund Report:

I. Interest Rate Risk

The weighted-average days to maturity of the Short-Term Fund was 1.8 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	98.1
U.S. Treasury and Agencies	100	0.0
Repurchase Agreements	20	0.0
Corporate Securities	100	1.4
Asset-Backed Securities	25	0.5
Total Short-Term Fund		<u>100.0%</u>
<u>Credit Quality</u>		
Securities rated A1/P1 or higher	100%	96.6
Total Split Rated and A2/P2	30	1.4
Total Short-Term Fund		<u>100.0%</u>
<u>Other Restriction</u>		
Total Floating Rate Exposure	50%	0.0%

III. Violations To Policy

There were no policy violations this quarter:

Quarterly Reports – December 31, 2005

Internally Managed Short Duration Fund Report:

I. Interest Rate Risk

The portfolio duration of the Short Duration Fund was 0.07.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings*</u>
State Street Bank STIF	100%	1.50
AAA Floating Rate ABS	100	44.80
Non AAA Floating Rate ABS	50	8.40
AAA Fixed Rate ABS	20	5.20
Non AAA Fixed Rate ABS	20	0.00
Total CMBS	25	12.60
Bridge Loans	100	0.30
Money Market Securities (\geq A1/P1)	100	0.00
Money Market Securities ($<$ A1/P1)	15	5.05
Total Corporate Securities	50	0.00
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	64.30
Total Split Rated and A2/P2 (ST) or non-AAA (LT)	50	13.90
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	20%	5.10

*Based on \$1 Billion portfolio, thus will not add to 100%

Quarterly Reports – December 31, 2005

Internally Managed Short Duration Fund Report (cont.)

III. Violations To Policy

The following policy violations occurred this quarter:

Certain individual security holdings violated the maximum percentage policy limits because of the initial funding of this portfolio in November 2003. It's not possible to efficiently start a new portfolio without exceeding individual security limits while the portfolio grows and reaches critical mass. As this portfolio ramps up to its expected portfolio size of \$5 billion, the individual holdings diversification will come into compliance. During the ramp-up period, it has been assumed for compliance calculation purposes that the portfolio size is \$1 billion.

Based on a \$1 billion portfolio there were two minor violations due to market value appreciation of one SLMA positions that equal 2% in par value but equal 2.04% market value basis.

SLMA 1997-4 CTFS (A2/A+/AA+ rated Student Loan ABS) 2.04% holding

Quarterly Reports – December 31, 2005

Internally Managed High Quality LIBOR Fund Report:

I. Interest Rate Risk

The portfolio duration of the High Quality LIBOR Fund was 0.07.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	14.04
AAA Floating Rate ABS	100	82.12
AAA Fixed Rate ABS	20	0.00
AAA CMBS	15	0.00
Money Market Securities (\geq A1/P1)	100	0.00
Money Market Securities ($<$ A1/P1)	10	3.84
High Quality Libor Fund		<u>100.0%</u>
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	96.16
Total Split Rated and A2/P2 money market securities ($>$ 1 day maturity)	10	3.84
High Quality Libor Fund		<u>100.0%</u>
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	20%	0.00%

III. Violations To Policy

There were no policy violations this quarter.

Quarterly Reports – December 31, 2005

Member Home Loan Program Report:

- **Program to Date**, CalPERS has purchased a total of 125,829 loans totaling \$19.716 billion dollars (figure does not include Personal Loans).
- **Purchases for the Quarter Ending 12/31/05**, were \$183.278 million dollars (figure includes Personal Loans);
- **Portfolio Holdings as of 12/31/05** were \$1.454 billion dollars);
- **Mortgage Loan Delinquencies as of 09/30/05;**
 - Fannie Mae MBS Delinquencies increased by 1 bps;
 - Whole Loan Delinquencies increased by 34 bps;
- **Percentage of Personal Whole Loan Delinquency as of 12/31/05** increased by .77%;
- **Number of Lending Institutions participating in the MHLP** is 45 with a total of 594 branch locations statewide;
- **CMI CalPERS Pipeline & Purchase Information for YTD ending 12/31/05;**

Committed not Purchased:	302	\$72,436,298	
Total Commitments Issued (YTD):	3,315	\$807,397,352	Avg/month: \$67,283,112.67
Total Purchased (YTD):	2,792	\$660,904,575	Avg/month: \$55,075,381.25
Purchase/Refinance Percentage (%):	23%/77%		

Points of Interest - 4th Quarter, 2005

Marketing/Lead Tracking Report (Top 5 categories)

Benefit Fairs/Events	560 leads	= 17.33% (of total leads)
Co-Worker Referral	476 leads	= 14.73%
Paycheck Stuffer	475 leads	= 14.70%
L.O. Marketing Efforts	414 leads	= 12.81%
CalPERS Website	355 leads	= 10.99%

Total leads generated in 4th Quarter, 2005 = 3,231

Quarterly Reports – December 31, 2005

Member Home Loan Program Report (cont.)

CalPERS Website Updates:

We revised the MHLP basic training presentation on our correspondent website for new loan officers and updated the CalPERS website for changes in our Title companies and clarifications on the frequently asked questions page. Fannie Mae Loan Limits were also updated.

An outline site map of the CalPERS web site employer portal was created so that in the near future this section can be expanded to better serve the agencies and help them get in touch with the AL's.

CalPERS Publications:

We submitted articles about MHLP to the PERSpective publication through CalPERS. Subject: CalHFA Homeownership, audience 619K School and Public Agency members; Subject: ACCESS as additional 100% financing option, audience 375K Retired CalPERS members.

Quarterly Reports – December 31, 2005

Real Estate Report:

- **Total Portfolio Performance** – The one-year (as of September 30, 2005) total return for the Total Real Estate Portfolio was 48.9 percent before fees and 37.9 percent after fees. The nominal after fee total return (since inception) for the Total Real Estate Portfolio was 10.6 percent as of September 30, 2005, with the income component generating a 7.3 percent return and the appreciation component generating a 3.3 percent return.
- **Core Portfolio Performance** – The one-year (as of September 30, 2005) total return for the Core Portfolio was 52.8 percent before fees and 41.9 percent after fees. The nominal after fee total return (since inception) for the Core Portfolio was 10.3 percent as of September 30, 2005, with the income component generating an 8.0 percent return and the appreciation component generating a 2.4 percent return. The total before fee returns for the Office sector, which reflect the September 30, 2005 valuations, were -0.4 percent for the current quarter and 41.9 percent for the one-year as compared to the NCREIF Office sector which reported a 5.1 percent current quarter return and a 17.9 percent one-year return.
- **Non-Core Portfolio Performance** – The one-year (as of September 30, 2005) total return for the Non-Core Portfolio was 40.7 percent before fees and 30.0 percent after fees. The nominal after fee total return (since inception) for the Non-Core Portfolio was 10.6 percent as of September 30, 2005, with the income component generating a 4.8 percent return and the appreciation component generating a 5.7 percent return. The total return for the Non-Core Portfolio continues to be positively impacted by the Housing Program and the California Urban Real Estate (CURE) Program, which are the two largest programs in the Non-Core Portfolio. The Housing Program generated a 6.2 percent before fee return for the current quarter and a 32.9 percent before fee return for the one-year period. Additionally, the CURE program generated a 4.8 percent before fee return for the current quarter and a 58.9 percent before fee return for the one-year period.
- **Comparison to Industry Benchmark** – The Total Real Estate Portfolio outperformed the NCREIF Detailed Property Index (Index) for all periods except for the current quarter, as shown in the following chart on page I - 4, titled *Total Real Estate Portfolio, Comparison to NCREIF Index, Nominal Returns, Before Fees*. In addition, the Core Portfolio outperformed the Index for all periods except the current quarter and the Non-Core Portfolio outperformed the Index for all periods. It should be noted that although the NCREIF Index is more directly comparable to the Core Portfolio, the Index is used as a benchmark for the Non-Core Portfolio as well.
- **Comparison to Real Rate of Return Benchmark** – Policy dictates that CalPERS' after fee real rate of return should reach 5 percent for the Core Portfolio and exceed 5 percent for the Non-Core Portfolio. The Core, Non-Core, and Total Portfolios have all exceeded the 5 percent real rate of return benchmark for all periods, as shown on the chart in the full Real Estate Portfolio Performance Report, page I - 5 titled *Total Real Estate Portfolio, Comparison to Real Rate of Return, Benchmark, After Fees*.

Investment Transactions – November 30, 2005

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 28)
- Sales – Internal Management (Page 29)
- Currency Hedge Portfolio Summary (Page 30)
- Currency Hedge Portfolio Transactions (Page 30)

Investment Transaction Information as of 11/30/2005: [\(full reporting is available in the supplemental reporting document\)](#)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Closed Real Estate Transactions Summary
 - Dispositions Summaries
 - CalSmart/Rreef – Rye Canyon, Lot 24 (104-108), CalPERS share \$3,225,710.00
 - CalSmart/Rreef – Rye Canyon, Lot 24 (102), CalPERS share \$1,181,324.00
 - CalSmart/Rreef – Benicia Business Center, CalPERS share \$1,409,688.00
 - CalSmart/Rreef – Rye Canyon, Lot 24 (103), CalPERS share \$1,213,070.00
 - GID – Windsor Villa, CalPERS share \$66,219,537.00
 - NOP/Hines – 1100 Louisiana, CalPERS share \$216,580,000.00
 - CalSmart/Rreef – Cypress 10711 Walker, CalPERS share \$5,708,258.00
 - GID Windsor on the Plaza, CalPERS share \$48,464,520.00
 - Acquisitions Summaries
 - Blackrock Realty – Estates at Sterling Ridge, CalPERS share \$22,171,897.00
 - NOP/Hines – Cottonwood, CalPERS share \$42,140,000.00
 - NOP/Hines – Station Square, CalPERS share \$62,230,000.00
 - CalSmart/Rreef – Mountain View Business Center, CalPERS share \$13,592,150.00
 - CalEast/LaSalle – Van Deemter Court, CalPERS share \$762,959.00
 - Miller Capital IMI – Jeferson Pointe, CalPERS share \$35,327,233.00

Investment Transactions – November 30, 2005

Investment Transaction Information as of 11/30/2005 (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- AIM Program Transactions
- Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Carlyle Mexico Partners, L.P. \$25 million commitment
 - Lightspeed Venture Partners VII, L.P. \$35 million commitment
 - Pharos Capital Partners II-A \$50 million commitment
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - OZ Domestic Partners II, L.P. \$75 million initial contribution
 - Vision Blue Diamond Fund L.P. \$100 million initial contribution

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

November 30, 2005

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	275.9	\$301.9	N/A	2.18%
<u>BONDS:</u>				
Utilities & Industrials	85.0	\$83.8	5.98%	0.60%
Sovereign	<u>61.5</u>	<u>62.3</u>	4.63%	<u>0.45%</u>
Total	146.5	\$146.1		1.05%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	671.6	\$721.6	4.52%	5.20%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	906.0	\$867.3	5.31%	6.25%
CMO	<u>2,107.1</u>	<u>7.5</u>	<u>8.18%</u>	<u>0.05%</u>
Total	3,013.1	\$874.8		6.31%
<u>EQUITIES:</u>				
Common Stock		\$6,593.7	N/A	47.53%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$3,115.1	N/A	22.45%
Domestic Common Stock		1,461.9	N/A	10.54%
International Fixed Income		<u>657.8</u>	N/A	<u>4.74%</u>
Total		\$5,234.8		37.73%
TOTAL PURCHASES:		\$13,872.9		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

November 30, 2005

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	10.0	\$0.3	\$0.3	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	75.6	\$102.5	\$108.2	\$5.6
Sovereign	<u>66.7</u>	<u>80.9</u>	<u>80.6</u>	<u>(0.2)</u>
Total	142.3	\$183.4	\$188.8	\$5.4
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	880.9	\$916.3	\$893.1	(\$23.2)
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	711.0	\$688.2	\$683.8	(\$4.4)
CMO	<u>182.5</u>	<u>4.0</u>	<u>4.0</u>	<u>\$0.0</u>
Total	893.5	\$692.2	\$687.8	(\$4.4)
<u>EQUITIES:</u>				
Common Stock		\$5,565.3	\$5,941.6	\$376.2
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$4,408.5	\$5,736.1	\$1,327.6
Domestic Common Stock		1,339.4	1,385.3	46.0
International Fixed Income		<u>609.9</u>	<u>588.8</u>	<u>(21.0)</u>
Total		\$6,357.7	\$7,710.3	\$1,352.6
TOTAL SALES:		\$13,715.3	\$15,421.9	\$1,706.6

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

November 30, 2005

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$641.0	\$638.7
Total FX Sold	\$8,017.3	\$7,841.0

CURRENCY OPTIONS

Currency Puts	\$126.6	\$126.6
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

November 30, 2005

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$512.2

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$429.6

Affiliate Funds Report- December 31, 2005

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending December 31, 2005.

Affiliate Funds Allocation and Transaction Reports: [\(full reporting is available in the supplemental reporting document\)](#)

Legislators' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
AFFILIATE TIPS	\$140,507,858	51.958	\$139,943,617	50.551
LEG-INTERNATIONAL - SSGA	\$8,372,946	3.096	\$13,917,019	5.027
LEGISTRATORS RETIREMENT TOTAL FUND	\$121,546,782	44.946	\$122,974,267	44.422
TOTAL	<u>\$270,427,586</u>	100.000	<u>\$276,834,903</u>	100.000

Judges' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUD-INTERNAL SHORT TERM - CALPERS	\$35,103	100.000	\$35,103	100.000
TOTAL	<u>\$35,103</u>	100.000	<u>\$35,103</u>	100.000

Affiliate Funds Report- December 31, 2005

Judges II Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUDGES II - INTERNATIONAL - SSGA	\$23,308,317	13.613	\$38,429,979	20.329
JUDGES II TOTAL FUND	\$147,916,320	86.387	\$150,614,694	79.671
TOTAL	<u>\$171,224,637</u>	100.000	<u>\$189,044,673</u>	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
CRF INTERNAL SHORT TERM - CALPERS	\$6,787,875	100.000	\$6,787,875	100.000
TOTAL	<u>\$6,787,875</u>	100.000	<u>\$6,787,875</u>	100.000

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
VFF INTERNAL SHORT TERM - CALPERS	\$2,916,062	100.000	\$3,012,717	100.000
TOTAL	<u>\$2,916,062</u>	100.000	<u>\$3,012,717</u>	100.000

Affiliate Funds Report- December 31, 2005

Supplemental Contribution Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SCP TOTAL FUND	\$16,576,402	86.638	\$17,131,710	80.902
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	\$2,556,491	13.362	\$4,044,133	19.098
TOTAL	<u>\$19,132,893</u>	100.000	<u>\$21,175,843</u>	100.000

Self Fund Health Care:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SELF FUND HEALTH - CALPERS	\$91,959,826	100.000	\$91,863,362	100.000
TOTAL	<u>\$91,959,826</u>	100.000	<u>\$91,863,362</u>	100.000